



UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Communications
and Information
Washington, D.C. 20230

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July 11, 1996

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The Honorable Reed E. Hundt
Chairman
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Re: Advanced Television Systems and Their Impact Upon the
Existing Television Broadcast Service, Fifth Further
Notice of Proposed Rule Making
MM Docket No. 87-268

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Dear Chairman Hundt:

I am writing as the Assistant Secretary of Commerce for Communications and Information and the Administrator of the National Telecommunications and Information Administration (NTIA). NTIA is the principal advisor to the Executive branch on telecommunications and information policy issues, and I am pleased to provide our views in this proceeding.

Digital television promises American consumers a greatly improved and very flexible television service, one that will include the ability to receive a range of new and exciting services. Digital television also promises myriad benefits for the U.S. economy. These benefits will accrue, however, only if the Commission acts rapidly to adopt a digital television transmission standard so that the transition to digital television can begin promptly.

Commission adoption of a transmission standard will provide certainty to consumers, broadcast licensees, and equipment manufacturers, which in turn will help alleviate the "chicken and egg" problem inherent in adoption of any totally new system. The knowledge that equipment will not soon be rendered obsolete will encourage rapid investment in the new system, investment that is needed to facilitate the transition to digital. Adoption of a transmission standard also will eliminate the need to purchase duplicative equipment or numerous conversion devices, thus keeping consumer, broadcaster, and manufacturer costs down. One need only look to America's experience with AM stereo to realize that the acceptance and likelihood of success of new broadcast technologies are greatly enhanced when a standard is adopted.

Adoption of a digital transmission standard promises to spur the American economy in terms of manufacturing, trade, technological development, and international investment -- including job growth. For example, U.S. industry will realize a substantial economic benefit if foreign countries adopt an American standard rather than a standard developed abroad.

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Adoption of a digital transmission standard by the Commission will provide U.S. industry an opportunity to regain a larger share of the world's consumer electronics market. The Commission should therefore act quickly to ensure that the United States is able to take full advantage of this opportunity.

Failure to adopt a U.S. standard may mean that competing systems -- such as the Digital Video Broadcasting (DVB) system, developed by a consortium of European broadcasters, electronics companies, and telecommunications organizations -- will win the race for worldwide acceptance. 205 companies from 29 countries, including broadcasters, programmers, network operators, and manufacturers, have already signed a Memorandum of Understanding under which they agree to facilitate the introduction of services using the DVB standard. This momentum may continue to grow, and other countries may be less willing to adopt the U.S. standard, if the U.S. government itself delays or forgoes the adoption and implementation of a standard.

The television, electronics, and parts of the computer industries in close cooperation with this Commission have devised an advanced television standard -- the Advanced Television Systems Committee (ATSC) standard -- after years of research and testing in an open process. The Advisory Committee on Advanced Television Services (ACATS) is to be commended for its important achievements. The proposed ATSC standard includes profound improvements in picture and sound quality, flexibility, interoperability, and spectrum efficiency, as well as sufficient "headroom" to allow system improvements and upgrades over time. Through this decade-long effort, the U.S. has overtaken and surpassed other countries, including Japan and the European nations, in the drive to develop the world's best new advanced television system. The Commission therefore proposes in the Notice to adopt the ATSC DTV transmission standard. Assuming after reviewing all the comments filed in this proceeding that the Commission continues to conclude that adoption of this standard is indeed in the public interest, NTIA would urge the Commission to adopt the industry-developed transmission standard, subject to the suggestions discussed below.

NTIA recognizes that several entities have expressed concern that a number of the picture formats used by the ATSC standard use interlaced, rather than progressive, scanning. We agree that America's new digital television system should eventually migrate to an all-progressive scan, square pixel format in order to support the eventual convergence and interoperability of various technologies. We believe the FCC can and should revisit this issue. We recommend, however, that the FCC do so at a later date so as not to delay the prompt adoption of a digital television transmission standard. The Commission should ensure that the industries involved develop a clearly-defined plan to ensure that the migration to an all-progressive scan system moves at an


expeditious rate, including a target date for full transition, taking relevant factors such as the pace of technological development into consideration. In conjunction with this plan, the Commission should periodically review the state of the market to determine the extent to which the market has migrated to an all-progressive scan television system.

NTIA also notes that efforts to date to develop a transmission standard have resulted in a technology that is adaptable and flexible enough to incorporate future technical and service innovation. It is imperative that the Commission ensure that the standards-setting process not be used to limit or advantage particular technologies or industries and that consumer welfare be considered. The Commission should also ensure that your standards processes and the standard adopted permit and encourage future technical innovation and improvement in areas such as display technology, coding/compression technology, and microelectronics.

The Commission must act rapidly to ensure that American industry and consumers are able to fully capitalize on the years of hard work that have gone into the development of a new advanced television system. If we fail to act now, the window of opportunity may be closed by the success of competing foreign standards.

If you have any questions, please call me at (202) 482-1840. I would note that NTIA will expand on the views presented in this letter when we file reply comments in this proceeding.

Sincerely,


Larry Irving